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| <b>THESIS TITLE</b>      | LEGAL MEASURES ON DEBT RESTRUCTURING<br>OF FINANCIAL INSTITUTIONS AS CREDITORS<br>: CASE STUDY ON THAI ASSET MANAGEMENT<br>CORPORATION |
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## **ABSTRACT**

The economic crisis in 1997 created the economic problems to Thailand , especially, the problems to financial sector which is economic movement core and the large and medium sized businesses. Accordingly, those businesses faced with financial problems in all aspects. One of those problems was due to the government's order to float Thai currency, causing devaluation of Thai Baht and lack of national cash flow. On the other hand, the national reserve fund was decreased drastically due to the fact that the reserve was used to maintain the value of Thai Baht currency and thereby the economic crisis was occurred. The operation of companies, partnerships including 56 finance companies were closed while default interest occurred increasingly. Therefore, it is necessary for finance companies to delay granting credit facility to private sector. This causes debtors of financial companies to be unable to repay their outstanding debts to the financial companies and thus, the debts from such credit facility become non performing loan (NPL), creating a lot of bad debts to such finance companies. This was a severe crisis of Thai financial institute on system in Thai history. In the past period, the government tried its best to solve the problems by enacting laws and issuing various measures including restructuring measure so as to assist creditors and debtors to find out the solution with regard to the debt

settlement by debt compromising prior to justice process. This will enable the business operator to carry on its operation as usual.

The debt restructuring is one of the important measures used by the Bank of Thailand by announcing the criteria on the debt restructuring of finance companies on June 2, 1998. This solves the bad debt problems of the finance companies and enable debtors to carry on further their business. At the same time, creditors or finance companies have the opportunity to receive the highest repayment of their debts. As a result, the debt restructuring is considered to be advantageous for both debtors and creditors. In addition, the existence of the business operation starting up is a result of economic recovery of the country. Therefore, so as to eliminate the NPL of financial institution, the government had enacted the Royal Emergency Decree establishing Thai Asset Management Corporation (TAMC). This law has been effective since June 9, 2001 and empowered the management of devalued asset transferred to TAMC either by means of debt restructuring, restructuring of operation or debtor asset transfer without court 's proceedings. This is time saving and results in the efficiency on solution of devalued asset problems.

This thesis is made for the purpose of researching the concept and criteria of TAMC regarding management of devalued asset by debt restructuring according to the Royal Emergency Decree of Thai Asset Management Corporation. The study will show the necessity and importance in conducting this research including benefit to be obtained from this research. Also , the study is made on the principle of law in the Civil and Commercial Code and relevant legal theory on debt restructuring including debt restructuring method from the outset in accordance with guideline set forth by the Bank of Thailand and concept and evolution on the establishment of asset management companies and finally establishment of the Thai Asset Management Corporation. The researcher has conducted analysis on the problems being obstacle for debt restructuring process according to the Royal Emergency Decree of Thai Asset Management Corporation, for example, problems on the transfer of devalued assets according to the Royal Emergency Decree of Thai Asset Management Corporation, discretion of Courts with regard to order for investigation before absolute receivership order against the debtors or guarantors, the case where debtors or guarantors do not give cooperation on debt restructuring in which event the

Court is empowered to make the order without passing investigation process including other problems on debt restructuring so that the said law is clearer, suitable and more efficient. The researcher also makes suggestions on the solution and amendment of laws so as to eliminate some measure being obstacle to debt restructuring and giving benefit for relevant persons on debt restructuring including preventing financial institution system from any damages and creating stability to Thai economic as a whole.